

House Amendment 8005

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1 1 Amend House File 2045 as follows:
1 2 #1. By striking everything after the enacting
1 3 clause and inserting the following:
1 4 <Section 1. Section 422.5, Code 2005, is amended
1 5 by adding the following new subsection:
1 6 NEW SUBSECTION. 2A. However, the tax shall not be
1 7 imposed on a resident or nonresident who is at least
1 8 sixty-five years old on December 31 of the tax year
1 9 and whose net income, as defined in section 422.7, is
1 10 forty-eight thousand dollars or less in the case of
1 11 married persons filing jointly or filing separately on
1 12 a combined return thirty-six thousand dollars or less
1 13 in the case of all other persons; but in the event
1 14 that the payment of tax under this division would
1 15 reduce the net income to less than forty-eight
1 16 thousand dollars or thirty-six thousand dollars as
1 17 applicable, then the tax shall be reduced to that
1 18 amount which would result in allowing the taxpayer to
1 19 retain a net income of forty-eight thousand dollars or
1 20 thirty-six thousand dollars as applicable. The
1 21 preceding sentence does not apply to estates or
1 22 trusts. For the purpose of this subsection, the
1 23 entire net income, including any part of the net
1 24 income not allocated to Iowa, shall be taken into
1 25 account. For purposes of this subsection, net income
1 26 includes all amounts of pensions or other retirement
1 27 income received from any source which is not taxable
1 28 under this division as a result of the government
1 29 pension exclusions in section 422.7, or any other
1 30 state law. If the combined net income of a husband
1 31 and wife exceeds forty-eight thousand dollars, neither
1 32 of them shall receive the benefit of this subsection,
1 33 and it is immaterial whether they file a joint return
1 34 or separate returns. However, if a husband and wife
1 35 file separate returns and have a combined net income
1 36 of forty-eight thousand dollars or less, neither
1 37 spouse shall receive the benefit of this paragraph, if
1 38 one spouse has a net operating loss and elects to
1 39 carry back or carry forward the loss as provided in
1 40 section 422.9, subsection 3. A person who is claimed
1 41 as a dependent by another person as defined in section
1 42 422.12 shall not receive the benefit of this
1 43 subsection if the person claiming the dependent has
1 44 net income exceeding forty-eight thousand dollars or
1 45 thirty-six thousand dollars as applicable or the
1 46 person claiming the dependent and the person's spouse
1 47 have combined net income exceeding forty-eight
1 48 thousand dollars or thirty-six thousand dollars as
1 49 applicable.
1 50 In addition, if the married persons', filing
2 1 jointly or filing separately on a combined return, net
2 2 income exceeds forty-eight thousand dollars, the
2 3 regular tax imposed under this division shall be the
2 4 lesser of the maximum state individual income tax rate
2 5 times the portion of the net income in excess of
2 6 forty-eight thousand dollars or the regular tax
2 7 liability computed without regard to this sentence.
2 8 Taxpayers electing to file separately shall compute
2 9 the alternate tax described in this paragraph using
2 10 the total net income of the husband and wife. The
2 11 alternate tax described in this paragraph does not
2 12 apply if one spouse elects to carry back or carry
2 13 forward the loss as provided in section 422.9,
2 14 subsection 3.
2 15 This subsection applies even though one spouse has
2 16 not attained the age of sixty-five, if the other
2 17 spouse is at least sixty-five at the end of the tax
2 18 year.
2 19 Sec. 2. Section 422.5, subsection 7, Code 2005, is
2 20 amended to read as follows:
2 21 7. In addition to the other taxes imposed by this
2 22 section, a tax is imposed on the amount of a lump sum
2 23 distribution for which the taxpayer has elected under
2 24 section 402(e) of the Internal Revenue Code to be

2 25 separately taxed for federal income tax purposes for
2 26 the tax year. The rate of tax is equal to twenty-five
2 27 percent of the separate federal tax imposed on the
2 28 amount of the lump sum distribution. A nonresident is
2 29 liable for this tax only on that portion of the lump
2 30 sum distribution allocable to Iowa. The total amount
2 31 of the lump sum distribution subject to separate
2 32 federal tax shall be included in net income for
2 33 purposes of determining eligibility under ~~the thirteen~~
~~2 34 thousand five hundred dollar or less or nine thousand~~
~~2 35 dollar or less exclusion, as applicable subsections 2~~
2 36 ~~and 2A.~~

2 37 Sec. 3. EFFECTIVE AND APPLICABILITY DATE. This
2 38 Act takes effect January 1, 2007, and applies to tax
2 39 years beginning on or after that date.>

2 40 #2. Title page, by striking lines 1 and 2 and
2 41 inserting the following: <An Act providing for a
2 42 senior taxpayer income tax exclusion provision and
2 43 including>.
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2 47 SWAIM of Davis
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3 1 BELL of Jasper
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3 5 BUKTA of Clinton
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3 9 FORD of Polk
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3 13 GASKILL of Wapello
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3 17 KUHN of Floyd
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3 21 LYKAM of Scott
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3 25 MILLER of Webster
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3 29 OLDSON of Polk
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3 33 BERRY of Black Hawk
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3 37 COHOON of Des Moines
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3 41 DAVITT of Warren
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3 45 FOEGE of Linn
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3 49 FREVERT of Palo Alto
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4 3 JACOBY of Johnson
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4 6 _____
4 7 KRESSIG of Black Hawk
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4 10 _____
4 11 MERTZ of Kossuth
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4 14 _____
4 15 MURPHY of Dubuque
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4 18 _____
4 19 D. OLSON of Boone
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4 22 _____
4 23 PETTENGILL of Benton
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4 26 _____
4 27 REASONER of Union
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4 30 _____
4 31 SCHUELLER of Jackson
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4 34 _____
4 35 SHOULTZ of Black Hawk
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4 38 _____
4 39 T. TAYLOR of Linn
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4 42 _____
4 43 WENDT of Woodbury
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4 46 _____
4 47 WHITAKER of Van Buren
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4 50 _____
5 1 WINCKLER of Scott
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5 4 _____
5 5 PETERSEN of Polk
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5 8 _____
5 9 QUIRK of Chickasaw
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5 12 _____
5 13 REICHERT of Muscatine
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5 16 _____
5 17 SHOMSHOR of Pottawattamie
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5 20 _____
5 21 D. TAYLOR of Linn
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5 24 _____
5 25 THOMAS of Clayton
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5 28 _____
5 29 WHITEAD of Woodbury
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5 32 _____
5 33 WISE of Lee
5 34 HF 2045.202 81
5 35 mg/sh/5045

